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E.O. 12958: N/A
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SUBJECT: PORTUGAL: RECENT COMMERCIAL SUCCESS STORIES

REF: STATE 13169

1. Per reftel, post reports the following commercial success story:

DATE: September 16, 2007

POST/DEPARTMENT OFFICE: FCS, ODC, Pol/Econ

COUNTRY: Portugal

COMPANY: Lockheed Martin MS2 Tactical Systems

COMPANY/HEADQUARTERS (state/zip): MN/55121-2034

ISSUE/PROJECT: In early 2007, Embassy Senior Commercial Officer (SCO) and Office of Defense Cooperation (ODC) Chief met with MS2's International Business Development Director, Michael Meyer, at the Embassy in Lisbon to discuss the company's bid on a \$135 million contract to upgrade the avionics on five Portuguese Ministry of Defense (MOD) P-3C maritime patrol aircraft. MS2 had been trying to secure the contract for years, but problems with GOP defense budget allocations and holds on federal tenders during the changeover from the Social Democratic administration to the Socialist administration in 2005, had kept the proposal in limbo. In addition, Lockheed had received indications that their European competitor, CASA EADS of Spain, was exerting back-channel pressure on the MOD to win the award. Embassy recommended that MS2 seek formal U.S. advocacy, with a goal of securing a support letter signed by the Ambassador and sent directly to the Minister of Defense.

SPECIFIC ACTIONS TAKEN: On April 12, MS2 submitted its Advocacy Questionnaire through the SCO, who proceeded to communicate with John Isbell in DOC/BIS, Pat Nugent in the Advocacy Center, and Donald Calvert in MAC. An Ambassadorial advocacy support letter was subsequently drafted and circulated among DOC, DOD, and DOS counterparts in Washington and DOS and ODC office chiefs in Lisbon. On May 2, the final version of the letter was signed by the U.S. Ambassador to Portugal, Alfred Hoffman, Jr., and transmitted to Defense Minister Severiano Teixeira from the Embassy.

COMMENT: On September 6, 2007, Lockheed was awarded the \$135 million contract with the Portuguese MOD for the P-3C upgrade. Meyer expressed his appreciation to SCO and ODC Chief for the advocacy assistance provided, noting that the contract was both a substantive and symbolic victory for Lockheed in Portugal.

NOTE: This export success is not cleared for public use.

Stephenson